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LABOR-MANAGEMENT RELATIONS IN COMMUNIST CHINA

[Comment and summary: This report presents information taken from three chapters of the monograph entitled Hsin-min-chu Chu-i Lao-tzu Kuan-hsi (Labor-Management Relations in the New Democracy), by Ting Ch'en, published by Hsin-ch'un Ch'u-p'an-she, Shanghai, November 1950.

Under the conditions of the old society, all labor discipline was established by and for employers. In the New Democracy, laborers have a voice in establishing the rules under which they work.

In the postliberation business recovery program, only those enterprises which really contribute to the national economy should be encouraged to rehabilitate themselves.

The consultative conference plan, with an equal number of representatives of labor and management participating, is proving to be the best way of solving all labor-management problems.]

MODEL REGULATIONS FOR LABOR DISCIPLINE
(4 June 1950)

There is a great difference between the labor discipline of the old society and the New Democracy.

In the old society, discipline was dictated by employers and labor had to accept it. The management-labor relationship was that of oppressor and oppressed. Old textile industry labor codes were prepared entirely by the employers' association. The codes set forth in detail the duties of the workers and the privileges, but not the responsibilities, of the employers, and also provided for enforcement of laborers' duties by law.

In contrast, the labor contract drawn up by the East China Labor Conference, consisting of only eight brief provisions concerning labor's responsibilities, is wholly the result of labor's own free-will proposals. These provisions are as follows:

1. Work and eat on time.
2. Absence may be requested for illness or personal business.
3. Care for machines, economize on raw materials and goods.
4. Observe public sanitation rules; be clean.
5. Maintain order and safety in the factory.

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6. Observe contracts, maintain production.
7. On the basis of democratic management, accept the leadership of supervisors and work in accordance with the labor law.
8. No meetings shall be held during working hours, except in an emergency, and then only with the consent of the representative of the administration.

Preliberation regulations of the cotton textile industry on rewards, penalties, and welfare services were also all drawn up by management and intended to benefit management. These regulations showed little regard for labor and no recognition of labor's creative power.

The provisions for rewards and penalties drawn up by the postliberation East China Textile Industry Conference are in sharp contrast to the old preliberation pattern. The new provisions are directed toward the positive promotion of production increases, and provide rewards for all who reveal progressive attitudes and activities. Any penalties are meant to be instructive and are preceded by exhortation, criticism and warning. The labor union may take exception to awards or penalties meted out by management and the problems involved may be worked out by negotiation.

The East China Textile Industry Conference worked out these provisions after democratic discussion on the basis of equality of standing and profit for both labor and management, and in the interests of enlightened expansion of production.

RECOVERY, HOURS, CONFERENCES, SANITATION (1 August 1950)

Recovery

March and April 1950 were difficult months for industry and commerce in Shanghai. The destructive bombings of 6 February 1950 brought to the fore such problems for labor and management as close-downs, dispersal, inventories, and protection of capital. Strong leadership by government, voluntary sacrifices by labor, and the growth of political consciousness on the part of employers have made for much improvement since May.

As a matter of principle, firms which are showing initiative toward recovery should be encouraged. However, as a matter of national policy, some industries, such as the cigarette and match industries, should be slowed down in production recovery and others should not be revived at all. In this complicated situation, a definite plan for adjustment is important. Only industries which contribute to the new national policy, which can be operated without useless competition, and for whose product there is a rational need should be allowed to resume production.

Such questions as protection of investment, capital, raw materials, etc. all require careful planning. The steps in planning for steady development taken by the silk and rubber industries are examples to be emulated.

Most of the practices followed under the old regime are inappropriate for the present. In future planning, the long-term interests of labor must be basic in reform activities. Collective bargaining contracts and joint labor-management negotiation agreements are essential.

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Business Hours

Labor is demanding more leisure and study time, claiming that study is necessary for improvement of skills. Study is especially necessary for workers in those plants that need to revise their line of endeavor. Management is asking for longer working hours because of difficulties in maintaining production. Both sides are violating the principle of mutual profit. They should engage in mutual discussions to solve their problems and they should consider the needs of their consumers in their discussions. Requirements for operating hours are not the same in central Shanghai as in the industrial or the suburban area. Hence, to try to standardize business hours for the whole city is unrealistic. Each area's practice should conform to its own needs. With regard to small businesses using no labor but that of the proprietor, it is good for them ordinarily to conform to general practice, but there should be no pressure put on them to conform in the matter of business hours.

Labor and Management Conferences

The practice of holding consultative conferences has been growing rapidly during the summer [1950] in Shanghai. It began with business associations, but has been spreading to individual businesses. There should be liaison between association conferences and individual business labor-management consultative conferences; there is now no relationship of leader and led between them. The conferences held by individual industries should consider the actions of the conferences held by business associations, but need to apply these actions only when appropriate.

It is not always necessary to have an equal number of labor and management representatives in a conference. It is of chief importance that the delegates be capable of properly conducting the conference. Although there has been considerable progress in conferences recently, many of them are still negative. An increase in the positive nature of the movement is needed.

Factory Sanitation

During the 3 months since issuance of the provisional regulations on factory sanitation, there has been considerable progress in propagandizing the program and in making key-point investigations into existing conditions in industry.

The present need is for a progressive improvement along these lines without try to force expensive changes that are beyond the present capacity of management to carry out.

Employment services have been set up in Shanghai in accordance with Ministry of Labor directives. So far, administrative organs have been carrying the load. The success of the plan awaits general cooperation. Some employers fear that laborers introduced under the plan may be difficult to manage. This fear is baseless. This plan is for the mutual benefit of labor and management.

All employers who have problems of relocation, reductions in force, adjustment of differences, or need for workers may request government assistance. The government should see to it that the laborers it supplies to industry have a greater political consciousness than the mass of workers. In the New China, labor distribution must become a planned operation for the benefit of national construction.

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NATIONAL CONFERENCE OF LABOR BUREAU CHIEFS

(14 Apr 1950)

Improvement in Labor-Management Relations

Since the Shanghai Military Control Commission issued two directives on the labor management situation on 19 August, there has been considerable improvement. Excessive demands of labor have been brought into line.

Beginning with the photographic industry, the weavers, paper manufactures, camel hair dealers, and others have put into effect collective bargaining contracts which have brought about new labor-management relationships. In some industries, collective bargaining relations have been established on an industry-wide basis, thus ensuring uniformity.

Not all questions have been settled. New problems arising with new circumstances continually require new adjustments. Shanghai industries and commercial enterprises are still confronted by many difficulties. Some of these have been carried over from the old bureaucratic and feudalistic preliberation days. Others have been created by bombings and the blockade since liberation.

Adjustment of Labor-Management Relations

Economic difficulties are by no means the only cause of problems in labor-management relations. Another cause is the failure of both sides to understand how to adjust their relationships.

Many private employers say that laborers have been very hard to manage since joining the unions. They feel they need a military representative in their place of business, as in public enterprises, to keep laborers in line. They do not realize that military representatives get production from workers by taking the workers' wishes into account and discussing matters with them.

At the recent national Conference of Labor Bureau Chiefs in Peiping, the formula devised for settling differences and raising production was joint counseling of labor and management in a democratic manner and on a basis of equality. Should a military representative use authoritarian methods, production would decrease in public enterprises, since a military representative knows far less about production methods than factory superintendents or managers. If private enterprise leaders will carry out a program of mutual discussion of problems with labor, they will have little difficulty either in holding the respect of the workers or in raising production.

The conference pointed out the necessity for all private enterprises to set up labor-management consultative conferences, with an equal number of delegates from each side (from two to six). This group should hold at least two conferences per month. Subjects for discussion were outlined as follows:

1. Problems of setting up and implementing collective bargaining contracts.
2. Problems of production planning, fulfilling quotas, increasing production, quality, economy of materials, tools, etc.
3. Problems of improvement of production organization, distribution of manpower, rearrangement of machinery, and distribution of raw materials.

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4. Problems of technical improvements, methods of labor, and elevation of production efficiency and technical levels of laborers.

5. Operational problems such as improvement of management and factory regulations, and establishment and revision of a system of rewards and penalties.

6. Problems of hiring and firing and other personnel matters.

7. Questions of wages, hours, living conditions, and other welfare problems.

8. Problems of safety, sanitation, sickness, injuries, disability, and treatment of expectant mothers.

It is apparent from the above that the main problem for discussion in consultative conferences is how to improve and increase production; personnel problems are secondary.

Some fear that introduction of all these questions into conferences will weaken the control of management. From the former viewpoint of management, it will; but from the new democratic viewpoint of management such discussions will make management easier, because the rules in force represent labor's idea as well as those of management.

According to Lao-tung Kung-pao, No 1, page 15, some groups of laborers have gone too far left in their demands since liberation, but be careful explanation they can be made to be reasonable. Bad elements must be segregated from the masses. Differences can then easily be adjusted.

Important conditions for successful negotiation are belief in labor, respect for labor, and dependence on labor. Without these, laborers will not respond, present their valuable ideas, or produce properly. Experiences in Tientsin and Wuhan have demonstrated the practicality of consultative conferences in improving production.

Experience in Shanghai has made it clear in a short time that the consultative plan is applicable in all sorts of industries and businesses.

Problems of Unemployment

Because of inflation in Shanghai, an atmosphere of retrenchment prevails and there is much unemployment.

At the same time in the Northeast, there is a prospective shortage of 200,000 skilled workers and technicians.

The Conference of Labor Bureau Chiefs in Peiping decided to set up unemployment aid stations in the cities. The policy followed in Peiping was considered a good model. Decisions were reached as follows:

1. Employers may discharge surplus employees, but only after receiving approval of the labor bureau. Rehiring of either temporary or permanent laborers must be approved by the labor bureau.

2. During one year's time after discharging an employee, employers must continue to pay to the authorities one third of that employee's regular wage as a contribution to an unemployment relief fund.

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3. Whether an enterprise discharges workers or not, the authorities may exact from all employed workers one percent of their wages and likewise exact from employers one percent of their payroll, as an unemployment relief fund.

4. Authorities will issue to all discharged workers 50-70 percent of their wages in relief funds.

5. All public and private enterprises employing ten or more employers are subject to the above rules.

While this Peiping plan may not be fully applicable in Shanghai, it is worth study. Some industries in Shanghai need to discharge surplus workers, but to give each several months' separation pay would break up the business. The Peiping plan offers advantages in these cases.

Labor Helps Management

Under Communist Party leadership, labor in Shanghai has been able to appreciate the problems of employers and try to help. In drawing up collective bargaining contracts, labor has stipulated in many cases that it would ask no wage increase during the term of the contract. After the February 1950 bombings, laborers in many enterprises took a voluntary pay cut in order to leave more capital in the enterprise, or they took turns taking unpaid vacations in the country to help in surmounting the emergency. By this attitude, employers were greatly influenced to do their best in management.

Some backward laborers, however, were persuaded by agitators to make higher demands, and to picket employers' homes or sell the firms' machinery. While such instances were unusual, they show the need for better labor-union leadership and better spare-time education for laborers.

The Labor Bureau Chiefs Conference in Peiping passed resolutions tending to correct all these evils. Shanghai stands to benefit much from the results of the conference if all concerned will study the actions of the conference and try hard to carry them out.

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